

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 02-0332P

Withholding Tax

Calendar Year Ended 12-31-99

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1; 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

During a sales tax audit it was determined that the parent company located in Indiana failed to withhold and remit tax on its out-of-state shareholders as required under 45 IAC 3.1-1-109.

Taxpayer protests the penalty assessed and states that it made every effort to comply with the withholding requirements and due to first year filing issues, some shareholders had nothing withheld on the belief that such shareholders would file Indiana returns. Taxpayer requests a penalty waiver based upon the fact that 1999 was its first year.

ISSUE

I. **Tax Administration** – Penalty

Taxpayer protests the imposition of penalty.

DISCUSSION

Taxpayer states it has made every attempt at compliance with the laws and regulations of Indiana and every effort was made to file and pay taxes on a timely basis. Further, taxpayer states it correctly identified and withheld tax on all of its nonresident shareholders for the years 2000 and 2001.

Taxpayer did not comply with the regulations, did not correct the 1999 year, nor did it provide

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reasonable cause to allow the Department to waive the penalties assessed.

FINDING

Taxpayer's protest is denied.

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